



OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

HIGHLIGHTS

March 26, 2014

Vehicle Parts Inventory Management – Capping

Report Number DR-AR-14-005

BACKGROUND:

The U.S. Postal Service has 321 vehicle maintenance facilities (VMFs), or repair garages, nationwide to maintain its fleet of over 211,000 vehicles. The selected 33 VMFs in the five areas we reviewed, Capital Metro, Eastern, Great Lakes, Southern, and Western, maintained 34,118 vehicles. Two primary national suppliers provide the VMFs with vehicle parts ranging from motors and transmissions to nuts and bolts. VMFs can also purchase repair parts locally when the national suppliers are out of stock or have backordered parts.

In fiscal year 2013, management in these five areas spent over \$207 million to purchase vehicle parts. Each VMF maintains repair parts in a stockroom. Postal Service policies require regular inventories to ensure parts quantities are sufficient and accurate. Personnel must also safeguard these assets.

Our objectives were to determine whether VMF personnel were purchasing and maintaining vehicle parts at appropriate levels and management controls were adequate to safeguard inventory. This audit is the final in a series conducted by the U.S. Postal Service Office of Inspector General. We previously reviewed the Northeast and Pacific areas in September 2012 and April 2013, respectively.

WHAT THE OIG FOUND:

Managers at selected VMFs generally purchased and maintained parts inventories at the appropriate levels. At these selected VMFs, about 16 percent of on-hand parts balances were below the recommended levels because parts were either due in or on back order. Maintaining adequate supplies of parts is critical to ensuring vehicle repairs are conducted timely and economically.

Physical safeguards and inventory management controls over vehicle parts were not always adequate at selected VMFs. Managers at these sites were not always aware of security risks and policies regarding safeguarding assets and conducting physical inventories. Inadequate controls placed vehicle parts valued at over \$49 million at risk.

WHAT THE OIG RECOMMENDED:

We recommended the vice presidents, area operations, Capital Metro, Eastern, Great Lakes, Southern, and Western areas, direct district managers to re-emphasize physical security and inventory management policies and procedures. We also recommended implementing training for stockroom personnel and re-emphasizing purchasing and receiving policies and procedures.